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Central Intelligence Agency  
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STATEMENT OF SENATOR JOHN T. McCLELLAN, CHAIRMAN  
SENATE COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

Washington, D. C., August 11, 1949. Senator John L. McClellan, Chairman of the Senate Committee on Expenditures in the Executive Departments, today released a letter from Rear Admiral R. H. Hillenkoetter, Director of Central Intelligence, with reference to the effect recommendations of the Hoover Commission would have on the Central Intelligence Agency.

Admiral Hillenkoetter pointed out that the Central Intelligence Agency Act of 1949 (Public Law 110) gives the Agency the administrative authority it needs to carry out the functions assigned to it by the National Security Act of 1947, and to bring about the development of the career foreign intelligence service for the Government, in order to better assure the successful performance of its assigned missions.

In reference to the specific recommendation of the Commission (No. 4c) in the Report on National Security Organization, which applies to the Central Intelligence Agency and its work, it was pointed out that a previous report submitted to this Committee by the National Security Council (Congressional Record, July 13, 1949, Pages 9527-29) had covered fully the action taken by the Council in the employment of a special group of consultants from outside the Government to survey the Central Intelligence Agency and related intelligence problems, which had resulted in reorganization of the entire administrative procedure in line with the Hoover Commission recommendations. The Department of State, in its report to the Committee (Congressional Record, July 20, 1949, Pages 9952-54) also covered administrative changes within its research and intelligence organization to conform to the Hoover Commission's recommendations for strengthening the Central Intelligence Agency.

Admiral Hillenkoetter referred specifically to a criticism voiced by a task force report on the National Security Organization (Appendix G) with reference to activities of scientific and medical intelligence in the field, stating that "This criticism, which was justified, was anticipated and met by creating a special Office within the Agency, under an Assistant Director, whose sole responsibility lies in the field of scientific and medical intelligence", and added that a qualified staff had been appointed to improve its scientific intelligence functions. It was also indicated that steps had been taken to correct the conditions referred to by the Hoover Commission with reference to relationships among the various intelligence agencies throughout the Government and in the production of intelligence estimates.

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Admiral Hillenkotter also expressed ~~his~~ approval of the recommendations of the Commission relating to General Management, Personnel Management, Budget and Accounting, and General Services, pointing out in regard to the latter, however, that "normal procurement channels and methods cannot always be followed for reasons of security".

The full text of the letter from the Director of Central Intelligence follows:

## CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

The Honorable John L. McClellan  
Chairman, Committee on Expenditures  
in the Executive Departments  
United States Senate  
Washington 25, D. C.

7/18/49

Dear Mr. Chairman:

This is in response to your letter requesting information relative to the application of various recommendations and textual discussions concerning the Central Intelligence Agency contained in the reports of the Commission on Organization of the Executive Branch of the Government. Because of the nature of the work of this Agency, I am sure you will understand the difficulties in giving any detailed public report of this nature while still maintaining essential security. However, I believe that I can make certain general statements which will be responsive.

The Central Intelligence Agency was established by the National Security Act of 1947 (P. L. 253, 80th Congress). This Act placed the Agency under the direction of the National Security Council, and the Commission has agreed that it is properly so placed. The Congress has now passed the Central Intelligence Agency Act of 1949 (P. L. 110, 81st Congress), which gives the Agency the administrative authorities it needs to carry out the functions assigned to it by the National Security Act of 1947. In addition, this new Act is most important to us in the development of the career foreign intelligence service for the Government, which is so vital to the Agency's successful performance of its assigned missions.

Recommendation No. 4c. of the Hoover Commission report on The National Security Organization is "That vigorous steps be taken to improve the Central Intelligence Agency and its work". These steps, we feel, are being taken, and will continue to be taken in the future. In this connection, I invite your attention to paragraph 5 of the comments of the Executive Secretary of the National Security Council, contained in his letter to you dated 22 June 1949. He states:

"Last year the Council employed a special group of consultants from outside the Government to survey the Central Intelligence Agency and related intelligence problems and report its findings to the Council.

"The Council has considered this survey, has taken some indicated steps for improvement, and presently has under advisement additional steps to improve the Central Intelligence Agency and national organization for intelligence."

One particular weakness which was underlined by the Task Force Report on the National Security Organization (Appendix G, pp. 20 and 77) was in the field of scientific and medical intelligence. This criticism, which was justified, was anticipated and met by creating a special Office within the Agency, under an Assistant Director whose sole responsibility lies in the field of scientific and medical intelligence. As Assistant Director, we were most fortunate to secure an outstanding scientist, with a long and distinguished career both in the field of applied science and medical research. In addition, the Central Intelligence Agency Act of 1949 (P. L. 110, 81st Congress, Sec. 9) authorizes the establishment within the Agency of three P-9 positions for these scientific intelligence functions which require the services of specially trained scientific personnel.

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Further criticism has been indicated of relationships among the various intelligence agencies throughout the Government and in the production of intelligence estimates. You may be assured that these problems are being considered on a daily basis, with thought to their continual improvement.

In your letter, you note that your Committee is particularly interested in recommendations in the field of general and personnel management, administrative services, and budgeting and accounting.

Great strides forward in the general field of administrative services are anticipated with the passage recently of The Federal Property and Administrative Services Act of 1949. While an exemption has been granted this Agency under Sec. 502 (d) (17) of this Act, we are complying with its provisions wherever possible. As we stated in discussions with a member of your Committee Staff during consideration of this Act, this Agency has some very special problems in the field of procurement, which, because of the nature of our work, require that special means of procurement be taken. Normal procurement channels and methods cannot always be followed for reasons of security. In addition, Sec. 3 of the Central Intelligence Agency Act of 1949 extends to us certain authorities contained in the Armed Services Procurement Act of 1947.

We have given careful study to the Hoover Commission reports in the fields of personnel and general management, and budget and accounting. We maintain a small management staff engaged in constant survey and review of Agency activities. Their mission is the prevention of overlapping of functions and the establishment of organization structure and personnel authorizations on the basis of maximum production with minimum personnel.

We feel that this has produced excellent results so far. As I stated above, we are trying to build a career service in intelligence which shall be second to none. At the same time we are endeavoring to keep administrative costs at a minimum, for administrative costs can be met at the expense of operational activities after a certain minimum has been reached. We are pleased to find, however, that many of the Commission's recommendations were already in practice here in administrative fields. 8.

I trust that the above comments will be helpful to you, and if there is anything further we can do to assist you please do not hesitate to call upon me.

Sincerely yours,

R. H. Hillenkoetter  
Rear Admiral, U.S.N.  
Director of Central Intelligence